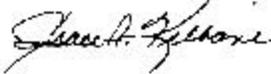


U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION OWS
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DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 28-00

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : GRACE A. KILBANE 
 Administrator
 Office of Workforce Security

SUBJECT : "Call Memo" for the Fiscal Year (FY) 2001 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

1. **Purpose.** To initiate the FY 2001 SQSP process and to issue instructions for the State Employment Security Agencies (SESAs) to use in the preparation of the FY 2001 SQSP.
2. **References.** Unemployment Insurance Program Letter (UIPL) No. 41-95, "Draft Narrative Describing the System for Enhancing Unemployment Insurance Performance: The 'UI PERFORMS' System;" UIPL No. 37-99, "UI PERFORMS Tier I and Tier II Performance Measures, and Minimum Performance Criteria for Tier I Measures;" ET Handbook No. 336, 16th Edition, "Unemployment Insurance SQSP Planning and Reporting Guidelines;" FRN Vol. 65, No. 10, Workforce Investment Act: Final Unified Planning Guidance, Notice dated January 14, 2000, pages 2464-2489.
3. **Background.** The SQSP, which replaces the Program and Budget Plan (PBP), is one of several implementing documents for UI PERFORMS (UI's performance management system). UIPL No. 41-95 describes the genesis of the new system, UI PERFORMS, and the partnership principles on which it is founded. UIPL No. 37-99, dated July 1, 1999, presents the minimum performance criteria for Tier I measures. A third document, a Federal Regulation establishing UI PERFORMS, is currently in preparation with publication of the Notice of Proposed Rulemaking anticipated to be released for comment later this calendar year.

The SQSP represents a new approach to the UI performance management and planning process, while leaving the budget reporting process (Chapter II of ET Handbook 336) largely unchanged from prior years. At the request of state partners, it allows for an exchange of information between the Federal and State partners to enhance the ability of the program to reflect their joint commitment to continuous improvement and client centered services, while insuring that key program administration criteria are met. Instructions for the SQSP are contained in ET Handbook No. 336, 16th Edition. The Handbook is designed as a permanent

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instruction for the annual planning and budget process in each SESA and provides SESAs with planning guidelines and instructions for reporting UI financial and staff year information.

4. Federal Emphasis. The Federal Emphasis designates the primary areas in which the Employment and Training Administration (ETA) will focus attention and resources and serves as a planning guide for the UI program. The five-year Department of Labor (DOL) and the ETA Strategic Plans, as well as the DOL and ETA Annual Performance Plans (APPs), form the basis for the Federal Emphasis. Required by Congress under the Government Performance and Results Act, the Strategic Plans and APPs are an integral part of the budget process. They are outcome-driven and require a commitment from all DOL programs to attain expressed goals and outcomes.

The current DOL and ETA Strategic Plans cover the period Fiscal Year (FY) 1997-2002 and were issued in September 1999. They may be found on the DOL and ETA web pages (www.dol.gov and www.doleta.gov), and printed versions are also available. ETA is currently revising its Strategic Plan to reflect the goals and direction embodied in the Workforce Investment Act (WIA). However, the revision is not expected to be issued until late September 2000. The DOL and ETA FY 2001 APPs are posted on the web pages listed above.

The primary DOL goal under which the UI program may be found is **A SECURE WORKFORCE**, and the ETA strategic goal that speaks to this is Outcome Goal 2.2, *Protect Worker Benefits*:

Expand the effectiveness of the temporary income maintenance programs in order to meet the needs of the 21st Century economy while continuing to deliver high-quality and timely service to existing customers.

Under this ETA goal, ETA's FY 2001 APP identifies five objectives whose attainment will be determined by achievement of 12 performance indicators by the end of the fiscal year. The first three objectives focus on operational performance of the individual State UI programs and the remaining two focus on the overall effectiveness of the program in achieving its mission.

- **Unemployed workers receive fair UI benefit determinations and timely benefit payments.**
 1. Increase to 26 the number of States meeting or exceeding the UI PERFORMS minimum criterion for benefit adjudication quality.
 2. Increase to 48 the number of States meeting or exceeding the Secretary's Standard (minimum performance criterion) for intrastate payments timeliness.

- **Employers increase compliance with State unemployment insurance (UI) laws by the provision of rapid and accurate service on UI tax matters.**
 1. Increase to 50 the number of States meeting or exceeding the UI PERFORMS criterion for New Employer status determination timeliness.
 2. Increase to 36 the number of States passing the acceptance sample for status

determinations accuracy.

- **Protect the integrity of employer unemployment tax contributions and reimbursements.**

1. Increase the speed of deposit of contributions into State Clearing Accounts: data gathered using the revised measure will be analyzed and minimum criterion set for FY 2002.
2. Increase to 39 the number of States meeting or exceeding the minimum criterion for timely transfer of funds to the State's account in the Unemployment Trust Fund.

- **Promote the Federal-State UI system's economic stabilization capacity by:**

1. Maintaining at/increasing from 39% the share of the involuntarily unemployed who receive benefits (recipiency rate);
2. Increasing to 13 the number of States with a maximum weekly benefit amount greater than or equal to 2/3rds of the State's average weekly wage in covered employment (wage replacement);
3. Maintaining at/increasing from 34 the number of States with trust fund reserves greater than or equal to one year's benefits at the average rate experienced during the 3 highest benefit payout rates over the last 20 years or since the last 3 recessions, whichever is longer; and
4. Maintaining at/increasing from 61% the median State % of benefits paid which are effectively charged back to employers (experience rating).

- **Facilitate the reemployment of UI claimants:**

1. Increase the Entered Employment Rate (EER) of UI Claimants: collection authority for the EER measure will be obtained and data collection will begin.
2. Reduce the benefit exhaustion rate of UI Claimants from 32%.

Achieving these outcomes requires the combined efforts of the Federal and State partners. ETA intends to foster and encourage effective management and innovation and to work cooperatively with States to achieve continuous improvement rather than prescribing mandatory action.

A. Program Performance. Strategies to improve operational performance are centered largely on the development and implementation of UI PERFORMS, and on the maintenance and continuous development of automated systems. The Department's underlying strategic approach is to focus initial efforts on raising the performance of States whose performance is below minimum performance criteria issued in 1999, while continuing to develop and implement processes and systems which support continuous improvement above such minimum performance levels and promote performance excellence. Activities will include:

- C Provide technical assistance and resources to States to expand service delivery options available to claimants and employers, e.g., remote initial claims-taking implementation grants and technical assistance.

- C Improve the efficiency of Federal UI programs through the development of systems and processes for the electronic handling of wage and separation requests and responses.
- C Work with States, through the SQSP process, to raise performance above current levels.
- C Maintain, enhance and expand Internet-based performance information repositories to aid in identifying the underlying causes of performance deficiencies and formulating and implementing corrective actions.
- C Facilitate and promote the continuous development of State expertise.
- C Request continued funding in FY 2001 to maintain the funding level (\$35 million) appropriated in FY 2000 for increased activity in integrity functions, especially in the areas of nonmonetary separation issues determinations, eligibility reviews, benefit overpayments detection and collection, and tax field audits.
- C Increase funding flexibility in administering the UI program by requesting the combination of the State Administration and Contingency budget activities.

B. Program Effectiveness. Achievement of the fourth and fifth objectives of ETA's FY 2001 APP, the system's macroeconomic performance and success in facilitating claimants' reemployment in suitable work, depends on influencing policy decisions, many of which are made at the State level. The Department's underlying strategic approach is to advocate, facilitate and promote State UI program design which achieves a balance between worker benefits and employer burden. The Department's strategies to facilitate the reemployment of UI claimants focus on linking UI claimants to the reemployment services available through the workforce development system. Planned activities in support of these objectives include:

- C Provide leadership for the review and reform of the UI program and administrative financing to ensure that the UI program has kept up with the changes that have occurred in the last half century and can adjust to the changes that will occur in the future in order to effectively serve both the workers and employers of today and tomorrow.
- C Strengthen and enhance the UI research and evaluation program and the distribution of research and evaluation findings to ensure the timely availability of information to guide Federal and State policy and program development.
- C Encourage and support State review of current policies, procedures and legislation to find opportunities for change that enhance program effectiveness.
- C Explore and improve points of connection between UI and other programs to enhance integration of services for our customers, e.g., profiling and eligibility reviews.
- C Request additional funding for the provision of reemployment services to UI claimants who

have been profiled as unlikely to return to work. (Universal Reemployment initiative: Reemployment Service Grants to States)

5. Opportunities for Targeted Funding in FY 2001. Base reserves are included in the President's budget request for targeted funding in the following areas. Special instructions for requesting these targeted funds through supplemental budget requests (SBRs) will be issued in separate directives.

A. Remote Initial Claims-Taking Grants. The budget request contains \$9 million for implementation of claims-taking by telephone or other remote means.

B. Interstate Connection (ICON) Programmer. Staff years for ICON will not be included in the planning targets this year, but will be funded through an SBR process.

6. Special Planning Considerations for FY 2001.

A. Employment Security Administration Account Distribution. In accordance with the Balanced Budget Act of 1997, the DOL will allocate \$100 million to the States through a distribution from the Employment Security Administration Account. Each State's share of these funds will be the same percentage as its share of base dollars (less integrity) divided by the total base dollars. This mandatory distribution will partially offset the cumulative discretionary funding cuts for workload increases and inflation. The Department of the Treasury will distribute the \$100 million directly into SESAs' Unemployment Trust Fund accounts after the final allocations have been determined. This special Reed Act distribution may be used only for UI administration.

B. Universal Reemployment Initiative: Reemployment Service Grants to States. The FY 2001 ETA budget request for Employment Service Grants to States includes an increase of \$50 million for grants to States to provide reemployment services to UI claimants who have been profiled as unlikely to return to work. These funds are proposed to be allocated on the basis of UI workloads rather than included in ES State Allotments.

7. Related Developments.

A. SQSP and Unified Plans. State UI programs may be included in State WIA Unified Plans. Such SESAs assure that they will participate in the annual UI PERFORMS SQSP process.

B. SQSP and Consolidated Grant Authority. Beginning with FY 2001, ETA is consolidating Grant Officer authority under the Office of Grants and Contracts Management (OGCM) in the National Office (NO). UI funding will now be provided to SESAs pursuant to terms of a grant agreement executed by a grant officer in the NO. ETA's OGCM will issue instructions for these new procedures soon. The NO will execute and maintain all grant agreements and subsequent modifications after receiving notification from Regional Offices

(ROs) that the SQSPs have been approved.

C. Certifications. Beginning with the FY 2001 SQSP, States are no longer required to submit signed hard copies of the Drug-Free Workplace and Lobbying certifications as addressed in previously issued ETA directives. These certifications are now handled as assurances in the SQSP.

8. Funding Period. Proposed appropriation language provides for obligation of FY 2001 UI allocations by States through December 31, 2001, (with 90 additional days to complete expenditure of funds). However, States may obligate FY 2001 UI funds through September 30, 2003, if such obligations are for automation acquisitions. Therefore, the end of the FY 2001 funding period is December 31, 2001, for UI regular allocations, and September 30, 2003, for automation acquisitions.

9. Data Availability. The RO will provide SESAs with data reports to judge performance against the Tier I criteria and for Tier II measures. SESAs may also access current performance data on the Internet at www.itsc.state.md.us.

10. Deadline for SESA SQSP Submittal. Each RO will set a deadline for SESAs to submit their SQSPs for FY 2001 that balances the time needed for the SESAs to prepare their respective SQSPs and the time needed for the RO review.

11. Action Required. State Administrators are requested to:

- A. Make this information available to appropriate staff;
- B. Prepare their SQSP in accordance with this UIPL and the planning and reporting instructions contained in ET Handbook No. 336, 16th Edition;
- C. Ensure State review of and commitment to plans submitted;
- D. Submit FY 2001 SQSP to the appropriate RO by the date specified by the Regional Administrator.

12. Inquiries. Questions should be directed to the appropriate Regional Office.